



November 8, 2010

Water Docket
Environmental Protection Agency
Mailcode: 28221T
1200 Pennsylvania Avenue, N.W.
Washington, DC 20460

Re: Docket ID No. EPA-R03-OW-2010-0736
Comments on Draft Chesapeake Bay TMDL for Nutrients and Sediment

To Whom It May Concern:

Tredegar Corporation and its subsidiary, Falling Springs, LLC, (collectively "Tredegar") are active participants in the environmental credits markets in Virginia and throughout the United States. Tredegar supports the efforts by Virginia and EPA to restore the Chesapeake Bay. Tredegar believes that trading is a key component of the Bay restoration efforts.

Virginia has developed the Virginia Nutrient Credit Exchange Association (the "Exchange"), a trading program designed to enable point sources to trade nutrient credits. The program has since been expanded to address new stormwater discharges and agriculture and forest land. The Virginia Watershed Implementation Plan ("WIP") proposes to expand this program even further to allow full participation by all sources of wastewater, storm water and on-site septic systems. Virginia's WIP also includes significant reductions for urban storm water sources to encourage the trading of credits among municipal sources of nutrient discharges.

Virginia's expanded trading program represents an approach to water quality management that makes sense from an environmental and efficiency perspective. Virginia has documented its goals and expectations for the program, as well as a recognition that, through adaptive management, additional changes may be necessary in the future to ensure that the Bay water quality restoration goals are in fact achieved.

EPA appears to have rejected DEQ's trading proposal, citing a lack of "regulatory drivers to create a demand for credits within a specified time period." EPA Comments on Virginia's Draft WIP, October 4, 2010. Virginia's WIP has proposed stringent reductions, designed to achieve the desired Bay restoration goals, and a trading framework and trading partners have already begun establishment in reliance on that framework. Tredegar encourages EPA to allow Virginia's trading program to move forward. The adaptive

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management framework proposed by Virginia will enable revisions to be made if the trading program is not as successful as is expected. But, based on Tredegar's experience with environmental credit markets to date, the program can and should provide an effective means of achieving the desired nutrient reductions.

In order for the trading program to work, the baseline practices and requirements should provide sufficient flexibility to allow for source sector trading to meet ambitious reduction targets. Setting stringent baseline reductions and not allowing trading to occur until after those baseline reductions are achieved would eliminate most of the incentives and opportunities for an effective trading program. Consideration should be given to encouraging the private market to proactively mitigate (via offsets and/or credits) these regulated loads flowing into bay watersheds. Additionally and perhaps most unfortunately, EPA's changing focus from nutrients to sediment upsets the decision factors for facilities already committed to participating in the nutrient trading program.

Tredegar encourages EPA to continue to explore the opportunities for including trading as a proactive tool for achieving the Bay restoration goals. Virginia's Nutrient Credit Exchange Program offers a good platform for exploring new opportunities for trading. EPA's TMDL should not foreclose or eliminate the incentives associated with that program.

Thank you for your consideration of these comments.

Sincerely,



Aaron Revere
General Manager
Falling Springs LLC

